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April 28, 2017

Via ECFS

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington, DC 20554

**Re: WC Docket No. 10-90
Hamilton County Telephone Co-op A-CAM Challenge
Notice of *Ex Parte***

Dear Ms. Dortch:

On April 26, 2017, Kevin Pyle—General Manager; Mindi Kolts—Marketing and Public Relations Director, and Alan Monroe—Secretary of the Board of Directors of Hamilton County Telephone Co-op (“Hamilton” or the “Cooperative”) with John Kuykendall and Cassandra Heyne of JSI (collectively, “Hamilton Representatives”) met with Claude Aiken of Commissioner Clyburn’s office, Amy Bender of Commissioner O’Rielly’s office, and Jay Schwarz with Chairman Pai’s office. The purpose of these meetings was to discuss potential new funding opportunities to address the “Cooperative - Cooperative” divide caused by flawed Form 477 data and an ineffective challenge process in Alternative Connect America Cost Model (“A-CAM”) funding. A copy of the materials presented to the Commissioner staff is attached.

The Hamilton Representatives explained that in the version of the A-CAM released just seven weeks prior to the offer of support, Hamilton was projected to receive \$3.4 million per year to deploy high-speed broadband to 2,583 locations. Form 477 data used in the version of the A-CAM associated with the offer, however, included a fixed wireless provider whose widespread claim of coverage significantly reduced the support and provided funding for only 441 locations. Although Hamilton filed an extensive challenge containing an engineering study demonstrating that actual serviceability was a shadow of that claimed, the challenge was denied. Hamilton’s A-CAM funding took another hit when the funding cap was reduced from \$200 to \$146 when the final offer was made.

The Hamilton Representatives then urged the FCC to fully fund the A-CAM and discussed possible future funding opportunities, such as the Remote Areas Fund and potential additional funds from infrastructure legislation, so that the 85 percent of locations for which funding was eliminated would be able to receive high-speed broadband. The

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9430 Research Blvd., Austin, TX 78759
phone: 512-338-0473, fax: 512-346-0822

Eagandale Corporate Center, Suite 310
1380 Corporate Center Curve, Eagan, MN 55121
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6849 Peachtree Dunwoody Road
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547 South Oakview Lane
Bountiful, UT 84010
phone: 801-294-4576, fax: 801-294-5124

Hamilton Representatives also urged that the FCC ensure that any future funding mechanism use a robust challenge process similar to that being used for rate-of-return carriers remaining on legacy support.

Please contact the undersigned with any questions.


Sincerely,

A handwritten signature in black ink, appearing to read "John Kuykendall". The signature is fluid and cursive, with the first name "John" being more prominent than the last name "Kuykendall".

John Kuykendall
JSI Vice President

Cc: Claude Aiken
Amy Bender
Jay Schwarz

Attachment



Hamilton County Telephone Co-op Future Rural High-Cost Support Recommendations

Ex Parte Presentation – FCC

April 26, 2017

*Kevin Pyle, Mindi Kolts and Alan Monroe – Hamilton County Telephone Co-op
John Kuykendall and Cassandra Heyne - JSI*



***Ex Parte* Agenda**

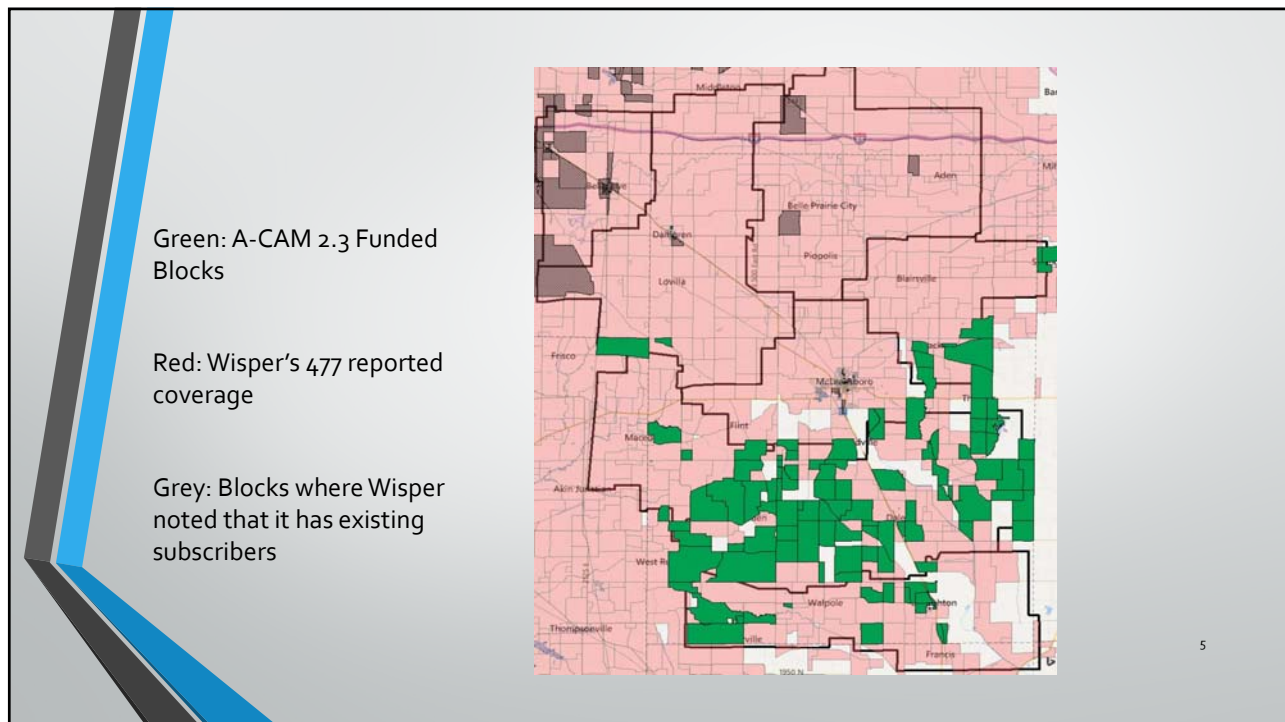
- Hamilton County Telephone Co-op Background
- Hamilton's A-CAM Evaluation and Decision
- Impact of A-CAM Offer Reduction
- Hamilton's Challenge to Serve Unfunded Rural Locations
- Recommendations for Future Broadband Funding Mechanisms

Introduction

- Hamilton County Telephone Cooperative (“Hamilton”) is a small average schedule telephone company operating in rural Illinois
 - Hamilton provides service to 825 square miles, seven exchanges across sections of seven counties, with an average density of 2 customers per square mile
 - Hamilton has endeavored to provide services efficiently
 - OpEx per line is 28% lower than its Illinois Coop peers
- Limited debt capacity and concerns over the changing regulatory framework have constrained Hamilton’s already-conservative broadband deployment strategy

A-CAM Was Ideal for Hamilton

- Hamilton was an ideal A-CAM candidate in the earlier versions of the model and it provided a funding pathway to help the Coop “catch up” in broadband deployment
- The versions of the A-CAM prior to the offer, including the one released just 7 weeks before the offer, showed significantly higher support for Hamilton than its legacy support
- The first A-CAM offer released in August 2016 surprised Hamilton by showing over 2k fewer eligible locations due to a fixed wireless competitor’s inflated coverage that hadn’t previously been reported



Impact of Reducing the A-CAM Offers

- Due to the widespread claimed coverage by a fixed wireless carrier, the remaining A-CAM funded locations for Hamilton were those with disproportionately higher costs to serve
- When the funding cap was reduced from \$200 to \$146 in the second offer, Hamilton's A-CAM offer took yet another hit
- In the end, Hamilton accepted A-CAM over Legacy support despite its shortcomings because it is predictable – but not sufficient:
 - 85 percent of the locations for which funding was eliminated due to the fixed wireless overlap and the cap reduction will be denied the broadband speeds and access that would have resulted if Hamilton's pre-offer A-CAM amount had been intact
 - Hamilton tries to mitigate reliance on USF and conservatively allocate available funds to critical deployment, but the Coop needs other sources of funding

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A-CAM to A-CAN'T

	A-CAM Pre-Offer - v2.1	A-CAM Offer - v2.3	A-CAM Revised Offer	Impact
Funding	\$3,423,282	\$714,840	\$570,958	\$2,852,324
Total Locations	2583	441	441	2,142
Fully Funded Locations		284	203	
Capped Locations		157	238	

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Flaws in Funding Allocation

- The challenge process in the A-CAM unduly burdened rate-of-return carriers who faced a competitor with questionable service coverage
 - The burden of proof should have been on the competitive provider in the A-CAM challenge process
 - The FCC should consider a uniform challenge process for future funding opportunities that mirrors the forthcoming legacy support competitive overlap challenge
 - The Form 477 contains inherent flaws
- The \$200 cap reduction had further negative impacts to rate-of-return carriers with a large portion of very high cost locations eligible in the A-CAM
 - The FCC should restore the \$200 cap and "fully fund" the A-CAM

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Looking Ahead – New Funding Opportunities

- Hamilton stands ready to help provide input to the FCC and Congress regarding future funding opportunities for rural broadband
 - Use USF reserve funding to fully fund A-CAM or release another A-CAM offer in the future because other rate-of-return carriers would be interested in the predictable format but with a better “deal”
 - At one point, the FCC had considered multiple rounds of A-CAM funding
 - Open unserved rate-of-return areas to participate in the forthcoming Remote Areas Fund
 - Ensure a challenge process where the competitor has the burden of proof
 - Leverage any funding for broadband that could come from the infrastructure bill to ensure locations that were “left behind” due to deficiencies in the A-CAM and Legacy support mechanism will be funded

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April 22, 2017

To Whom It May Concern:

I am a member of Hamilton County Telephone Cooperative and have been for nearly 25 years. My parents have been members over 50 years. During this time, I have seen the Co-op grow from party line telephone lines to high speed internet service. They have been able to offer more and better services in our rural areas than some larger areas in my state. Currently, I subscribe to the Co-op's landline phone service, IP television service, and DSL Internet service.

One service that I wish to have access to is high speed fiber internet. While the cooperative has limited fiber lines in portions of their area, the majority is still unable to access it. I, unfortunately, am one of those outliers. I currently have access to 6 Mbps DSL.

DSL was great in the beginning, but with my family becoming more "connected", it has become necessary that we have speeds higher than the 6 Mbps that is the highest available at my address. My family could be considered a "super user" family. My husband and I have three children: two are students who take online classes, access YouTube, online music services, do research, watch movies, and are online gamers. Our oldest is a web developer (and does all those things the other two do) who requires a reliable and fast internet to do his job. I am a teacher and use the internet for lesson planning, video creation, research, and creating educational materials and resources. My husband, well, he enjoys Netflix and "surfing" the internet. When we're doing all of these at the same time, on laptops, desktops, iPads, cell phones, smart tvs, and -- believe it or not--, our treadmill, our DSL speed just doesn't meet our needs.

Luckily, the school in which I teach is located in the Hamilton County Telephone Co-op's service area and we are fortunate to have access to fiber. All of our students have assigned devices such as Chromebooks or tablets. This would not have been possible if we did not have access to the Co-op's fiber line.

The other Internet service provider in our area is Wisper, which is a relatively new wireless Internet service in our area as they bought out a previous fixed wireless internet service provider. They advertise high speeds however, just this evening, someone from my community had posted on Facebook that they were having trouble with their internet being slow. These types of posts appear frequently. They write that there are frequent outages, slow speeds, and spotty customer service. I will definitely stay with Hamilton County Telephone Co-op.

I need to have high speed fiber internet at my home. Hamilton County Telephone Co-op is a trusted communications service that has been around for well over 50 years and hopefully many years to come. Please help them to provide high speed fiber internet to everyone in their service area.

Please feel free to contact me if you have any questions. Thank you for your time and attention.



Respectfully,
Anna Jukes
20735 E Lamplight Rd.
Belle Rive, IL 62810

United States Senate

WASHINGTON, DC 20510

April 11, 2017

The Honorable Ajit Pai, Michael O'Rielly, and Mignon Clyburn
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Dear Chairman Pai, Commissioner O'Rielly, and Commissioner Clyburn:

We write to encourage the Federal Communications Commission (FCC) to continue working to advance broadband deployment in high-cost rural areas to give rural Americans the opportunity to obtain affordable broadband.

Congress has expressed broad support for modernizing the federal Universal Service Fund (USF) toward this goal. On May 6, 2014, 133 Members of Congress – 44 Senators and 89 House Members – signed bipartisan letters calling on the FCC to make tailored modifications to USF support for the delivery of broadband services to consumers in high-cost areas of the United States served by small, rural rate-of-return-regulated local exchange carriers. Similar letters were sent in May 2015 by more than 176 Members of Congress, including 61 Senators and 115 House Members.

The shared concern expressed in those letters was that rural consumers who wished to “cut the cord” on traditional voice “plain old telephone service” (POTS) and opt instead to obtain only fixed broadband services could not do so. As those letters noted, the FCC’s old rules unfortunately tied USF support to a consumer’s purchase of POTS, making it impossible for millions of rural consumers to obtain affordable “standalone broadband” without buying traditional telephone service as well.

We appreciate the steps taken by the FCC last year to address this concern. However, we are still hearing frustration about the prices for and the availability of standalone broadband. Many operators remain unable or unwilling to offer such broadband because their prices would still be unreasonably high even after the reforms. Other operators may offer standalone broadband, but the costs they are forced to recover from rural consumers far exceed what urban consumers would pay for the same service.

All this means that, despite the reforms last year, millions of rural consumers are still not seeing widespread affordable standalone broadband services due to insufficient USF support. Meanwhile, the limited USF budget also reduced the amount of funding available to carriers electing new “model-based” USF support, resulting in tens of thousands of rural consumers receiving slower broadband speeds than intended by the model or not gaining access to broadband at all.

We are concerned that the lack of sufficient resources in the reformed High-Cost mechanism may be undermining the desired effect of the reforms and falling short of the statutory mandate that reasonably comparable services at reasonably comparable rates be available to rural and urban Americans alike. We therefore encourage you to consider any changes to the High-Cost

mechanism that may be necessary to ensure it can achieve the goal of making affordable broadband available to Americans in high-cost rural areas.

Thank you for your consideration. We look forward to continuing to work with you to ensure rural American consumers and businesses have access to quality, affordable broadband.

Sincerely,



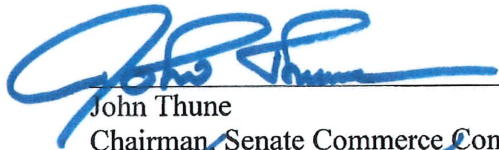
Deb Fischer
United States Senator



Amy Klobuchar
United States Senator



Roy Blunt
United States Senator



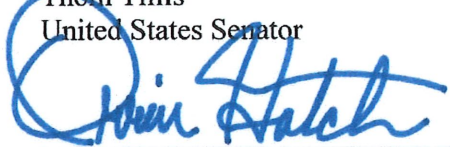
John Thune
Chairman, Senate Commerce Committee



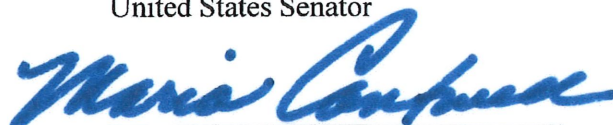
Thom Tillis
United States Senator



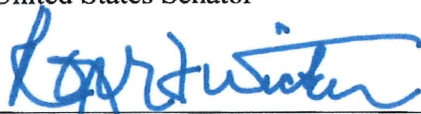
Jerry Moran
United States Senator



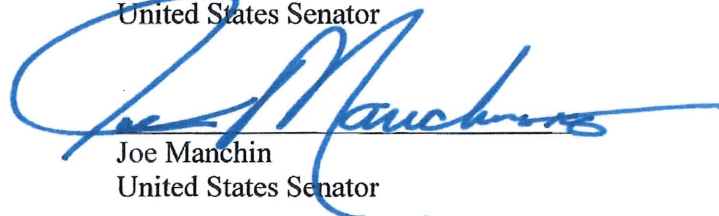
Orrin Hatch
United States Senator



Maria Cantwell
United States Senator



Roger F. Wicker
United States Senator



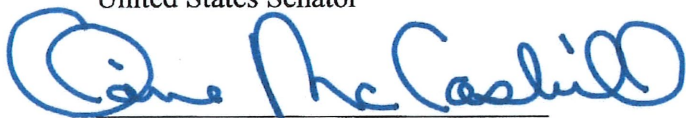
Joe Manchin
United States Senator



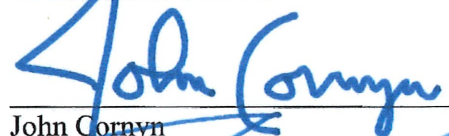
Richard Burr
United States Senator



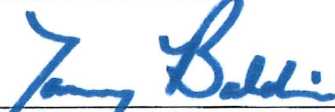
Kirsten Gillibrand
United States Senator



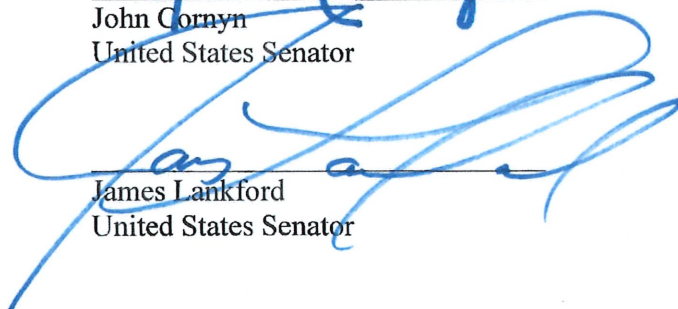
Claire McCaskill
United States Senator



John Cornyn
United States Senator

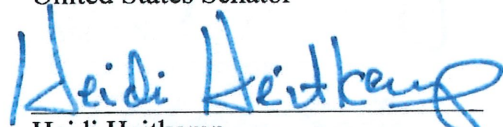


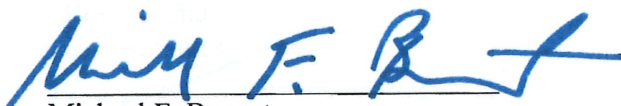
Tammy Baldwin
United States Senator

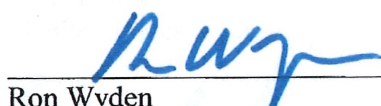


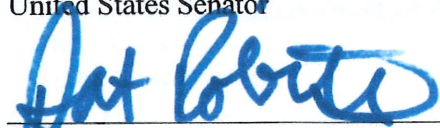
James Lankford
United States Senator

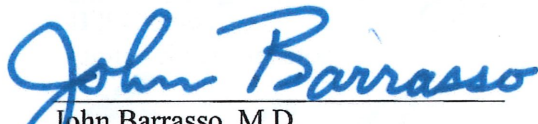

Shelley Moore Capito
United States Senator

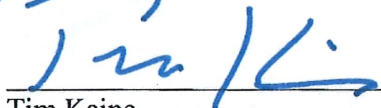

Heidi Heitkamp
United States Senator

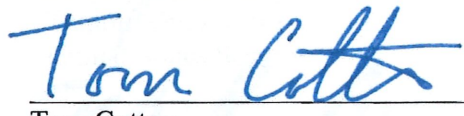

Michael F. Bennet
United States Senator

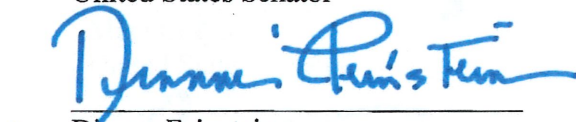

Ron Wyden
United States Senator

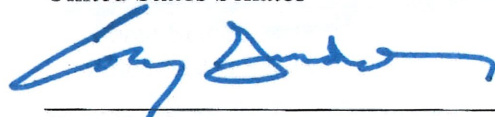

Pat Roberts
United States Senator



John Barrasso, M.D.
United States Senator

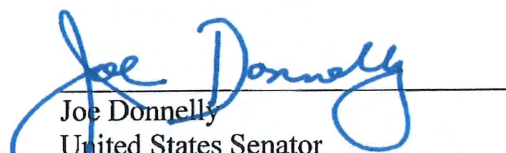

Tim Kaine
United States Senator

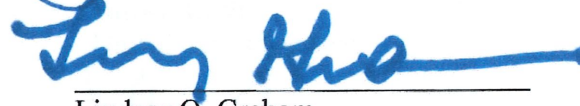

Tom Cotton
United States Senator

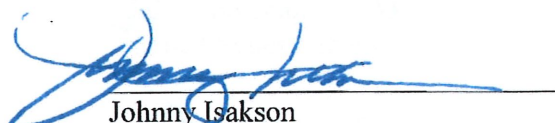

Dianne Feinstein
United States Senator

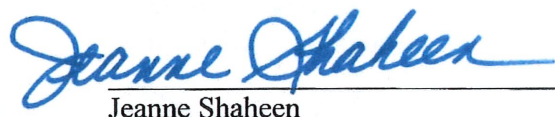

Cory Gardner
United States Senator

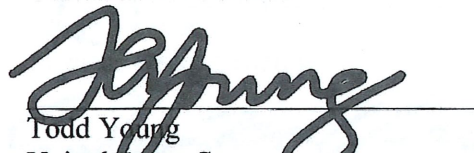

Al Franken
United States Senator

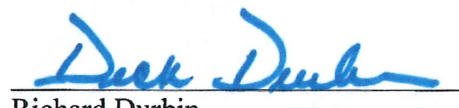

Joe Donnelly
United States Senator

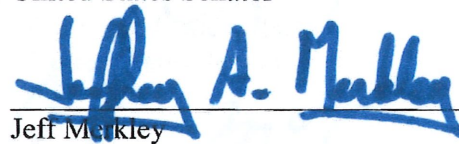

Lindsey O. Graham
United States Senator

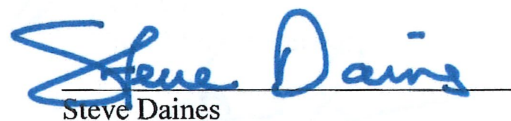

Johnny Isakson
United States Senator

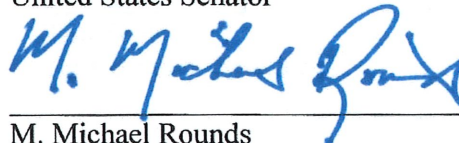

Jeanne Shaheen
United States Senator


Todd Young
United States Senator


Richard Durbin
United States Senator


Jeff Merkley
United States Senator


Steve Daines
United States Senator


M. Michael Rounds
United States Senator



Ben Sasse
United States Senator



Michael B. Enzi
United States Senator